

Candidate Name

Centre Number

Candidate Number



**ZIMBABWE SCHOOL EXAMINATIONS COUNCIL**  
**General Certificate of Education Advanced Level**

**ACCOUNTING**

**6001/2**

PAPER 2: Structured Questions

**SPECIMEN PAPER**

1 hour 45 minutes

Candidates answer on the question paper

Additional materials:

No additional materials are required

**TIME** 1 hour 45 minutes

**INSTRUCTIONS TO CANDIDATES**

Write your name, Centre number and candidate number in the spaces at the top of this page.

Answer **all** questions.

Write your answers in the spaces provided on the question paper. If you require extra paper, ask the supervisor for supplementary answer paper.

**INFORMATION FOR CANDIDATES**

The number of marks is given in brackets [ ] at the end of each question or part question.

You may use a calculator.

The businesses in this paper are intended to be fictitious.

**FOR EXAMINER'S USE**

1	
2	
3	
4	
<b>TOTAL</b>	

**This question paper consists of 14 printed pages and 2 blank pages.**

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**[Turn over**

1. The Deluxe Club provides social and leisure activities for its members.

The following was its Statement of Financial Position at 31 August 2014.

<b>Non-Current Assets</b>	<b>\$</b>	<b>\$</b>
Bar fixtures and equipment at cost	13 250	
<b>Less: Depreciation</b>	<u>4 375</u>	8 875
<b>Current Assets</b>		
Inventory	5 250	
Cash at bank	8 000	
Cash in hand	<u>150</u>	<u>13 400</u>
		<u><u>22 275</u></u>
<b>Financed by:</b>		
Accumulated fund		17 000
<b>Current liabilities</b>		
Trade payables	2 525	
Rent accrual	<u>2 750</u>	<u>5 275</u>
		<u><u>22 275</u></u>

The cash transactions for the year ended 31 August 2015 were as follows:

	<b>\$</b>
Bar sales for the year	100 000
<b>Less payments</b>	
Christmas disco expenses	425
Wages	32 250
Cleaning	255
Purchases	27 500
New bar equipment	500

#### Additional Information

- Cash sales totalling \$39 070 were banked during the year.
- Subscriptions amounting to \$12 500 were paid directly into the bank.
- There was no inventory count at the end of the year. The gross profit margin was 40%.
- Credit purchases were \$35 250.
- Rent due is 1½% of bar sales.
- Depreciation for bar fixtures and equipment is 20% per annum on cost.







- 2 The following are summarised Statements of Financial Position for two companies as at 31 May 2014.

	Adams Plc \$000	Brian Plc \$000
<b>Capital and Reserves</b>		
Ordinary shares of \$1 each	150	100
10% preference shares of \$1 each	100	150
Retained profits	<u>50</u>	<u>50</u>
	<u>300</u>	<u>300</u>
Total assets less current liabilities	300	350
<b>Non-current Liabilities</b>		
10% Loan	<u>-</u>	<u>(50)</u>
	<u>300</u>	<u>300</u>

**Additional information**

- The market prices per ordinary share at 31 May 2015 were:
 

Adams Plc	\$9,50
Brian Plc	\$10,38
- The operating profit for the year ended 31 May 2015 was \$150 000 for each company.
- The rate of corporation tax is 30%.
- Each company paid an ordinary dividend of \$0,20 per share. Preference dividends for the year were also paid.
- There were no changes in the capital structure of the two companies during the year.

- (a) Calculate profit **after** tax for each company.

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[5]

(b) Calculate the following accounting ratios for each company:

(i) earnings per share,

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[4]

(ii) price earnings,

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[4]

(iii) gearing (taken as total borrowings to ordinary shareholders' funds),

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[4]





- 3 Happy Limited's Statement of the Financial Position as at 31 October 2015 is given below:

	<b>\$000</b>	<b>\$000</b>
Non-Current Assets at Net Book Value		3 940
<b>Current Assets</b>		
Inventory	2 132	
Trade receivables	720	
Bank	<u>550</u>	<u>3 402</u>
		<u>7 342</u>
<b>Share Capital and Reserves</b>		
Ordinary shares of \$10 each		2 000
8% Preference shares of \$5 each		800
Capital reserves		1 260
Revenue reserves		<u>2 252</u>
		6 312
<b>Non-Current Liability</b>		
10% debenture stock		600
<b>Current liabilities</b>		<u>430</u>
		<u>7 342</u>

The following transactions were not included in the draft Statement of Financial Position.

- (1) September 1: A bonus issue was made on the basis of one ordinary share for every two already held, leaving the reserves in the most flexible form.
- (2) October 1: In order to provide funds for the redemption of the preference shares, a rights issue was made on the basis of one ordinary share for every three held after (1) above at \$13 per share.
- (3) October 14: The preference shares were redeemed at a premium of \$0.50 each. The shares were originally issued at par.
- (4) October 31: Equipment of \$80,000 was acquired on hire-purchase. The higher purchase agreement required 25% of the price to be paid immediately.



(b) Explain **two** advantages of a rights issue over a public issue of shares to a shareholder.

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[4]

(c) Distinguish between ordinary shares and debentures.

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[8]





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[10]

- (d) Advise Charity Limited with reasons which project should be undertaken using calculations in (c) above.

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